

Message Text

MRN: 1974EC BRU000919 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX

FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

ADP000

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PAGE 01 EC BRU 00919 02 OF 02 121347Z

41

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EURE-00 AGR-20 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01

SS-20 NSC-10 L-03 INT-08 TAR-02 DODE-00 DRC-01 GSA-02

NEA-11 EA-11 SAM-01 /196 W

----- 002436

P R 121202Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 6444

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

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LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 0919

11. AGRICULTURAL PRODUCTS: IN THE AGRICULTURAL SECTOR, EXPORT CONTROLS IMPOSED BY THE EUROPEAN COMMUNITY DURING 1973 AFFECTED FIVE PRODUCT GROUPS: GRAINS, RICE, STARCHES, SUGAR, AND OLIVE OIL. THE PURPOSE OF THESE CONTROLS WAS TWOFOLD: (A) TO DISCOURAGE OR PREVENT EXPORTS AND THUS HELP ENSURE ADEQUATE SUPPLIES FOR DOMESTIC NEEDS; AND (B) TO SHIELD THE EC MARKET FROM THE INSTABILITY AND COMPARATIVELY HIGH PRICES ON THE WORLD MARKET.

12. THE CONTROLS, WHICH BEGAN FOR SOME PRODUCTS AS EMBARGOES, DURING THE PAST SEVERAL MONTHS HAVE CONSISTED PRIMARILY OF EXPORT LEVIES, ALL OF WHICH ARE STILL IN EFFECT. HOWEVER,

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PAGE 02 EC BRU 00919 02 OF 02 121347Z

FOR SOME PRODUCTS, MAINLY DURUM WHEAT, THE EC CONTINUES TO BAN THE ISSUANCE OF REQUIRED EXPORT LICENCES, THUS EMBARGOING THE PRODUCTS IN QUESTION.

13. THE EXPORT LEVIES OFTEN ARE ESTABLISHED NOT ONLY ON THE BASIS OF THE DIFFERENCE BETWEEN WORLD AND EC MARKET PRICES BUT ALSO ON OTHER CONSIDERATIONS SUCH AS MEMBER STATES' PRESSURES TO COMPLETELY BAN EXPORTS. THUS, IN MANY CASES PARTICULARLY FOR GRAINS, SUCH LEVIES NOT ONLY RESTRAIN BUT PREVENT EXPORTS.

14. THE SPECIFIC PRODUCTS TO WHICH EXPORT CONTROLS APPLIED IN 1973, THE TYPE OF CONTROLS INVOLVED, AND THE PERIODS OF APPLICATION, ARE LISTED BELOW. THE RELEVANT USEC REPORTS ARE IDENTIFIED IN PARENTHESES.

A. DURUM: ON AUGUST 4, THE COMMISSION BANNED THE FURTHER ISSUANCE OF EXPORT LICENCES (EC BRUSSELS 4505). THIS EMBARGO REMAINS IN EFFECT.

B. MILLED DURUM PRODUCTS: EXPORTS OF DURUM FLOUR, GROATS AND MEAL FROM ITALY TO THIRD COUNTRIES WERE PROHIBITED BY THE COMMISSION EFFECTIVE AUGUST 29. (EC A-338; EC BRUSSELS 4972). THIS BAN WAS REPEALED ON SEPTEMBER 20 BUT WAS REPLACED BY A BAN ON EXPORTS FROM THE EC OF THE FOLLOWING PRODUCTS OF ITALIAN ORIGIN: SOFT WHEAT FLOUR, SOFT WHEAT AND DURUM GROATS AND MEAL (EC A-364). THIS BAN REMAINS IN EFFECT.

C. PASTA: ON SEPTEMBER 7 THE COMMISSION BANNED ITALIAN EXPORTS TO THIRD COUNTRIES OF MACARONI, SPAGETTI AND SIMILAR PRODUCTS (EC A-349). THIS BAN WAS LATER CHANGED TO APPLY TO EXPORTS FROM THE EC OF THOSE PRODUCTS OF ITALIAN ORIGIN. THE LATTER BAN REMAINS IN EFFECT.

D. SOFT WHEAT: ON AUGUST 6, THE COMMISSION STOPPED THE ISSUANCE OF EXPORT LICENCES FOR SOFT WHEAT (EC BRUSSELS 4552). THIS EMBARGO WAS LIFTED ON AUGUST 15, 1973, WHEN THE EXPORT LEVY SYSTEM FOR GRAINS WAS IMPLEMENTED. (EC A-295, EC A-315; EC A-338, EC A-379; EC A-426, EC A-454). SINCE AUGUST 15, SOFT WHEAT AND MILLED PRODUCTS THEREOF HAVE BEEN SUBJECT TO EXPORT LEVIES WHICH CAN VARY DAILY. THE LEVIES OFTEN EXCEED THE DIFFERENCE BETWEEN EC AND WORLD MARKET PRICES, THEREBY PREVENTING EXPORTS EXCEPT THROUGH THE EXPORT LEVY TENDER SYSTEM INTRODUCED ON DECEMBER 5 (SE EC A-426 AND EC A-454).

E. OTHER GRAINS: SINCE AUGUST 15, VIRTUALLY ALL GRAINS AND MILLED LIMITED OFFICIAL USE
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PAGE 03 EC BRU 00919 02 OF 02 121347Z

PRODUCTS EXCEPT FOR CERTAIN MINOR GRAINS SUCH AS BUCKWHEAT, HAVE BEEN ASSESSED EXPORT LEVIES.

F. RICE: THE COMMISSION BANNED THE ISSUANCE OF RICE EXPORT LICENCES EFFECTIVE MAY 26 (EC BRUSSELS 2981). THIS BAN WAS LIFTED ON OCTOBER 19 BUT WAS REPLACED WITH AN EXPORT LEVY SYSTEM WHICH CONTINUES IN EFFECT (EC BRUSSELS 6101; EC A-435; EC A-11

OF 1.21.74).

G. STARCHES: EXPORT LEVIES WERE APPLIED THROUGHOUT 1973 TO VARIOUS GRAIN STARCHES AND SIMILAR PRODUCTS. THE LEVIES VARY OFTEN, AND ARE REGULARLY PUBLISHED IN THE OFFICIAL JOURNAL AS ARE THE EXPORT LEVIES FOR OTHER PRODUCTS.

H. SUGAR: EXPORT LEVIES WERE IMPOSED ON RAW AND REFINED SUGAR ON NOVEMBER 22 AFTER WORLD PRICES CLIMBED ABOVE EC PRICES (EC BRUSSELS 6797).

I. OLIVE OIL: EXPORT LEVIES WERE IMPOSED THROUGHOUT 1973, AND ARE STILL IN EFFECT FOR CRUDE AND REFINED OLIVE OIL.

15. UNDER PRESENT MARKET CONDITIONS, THE EXTENSION OF EXPORT CONTROLS TO OTHER AGRICULTURAL PRODUCTS DOES NOT APPEAR LIKELY IN THE SHORT TERM EXCEPT POSSIBLY FOR CERTAIN PROCESSED AGRICULTURAL PRODUCTS. HOWEVER, THE POSSIBILITY OF EVENTUAL EXTENSION OF CONTROLS CANNOT BE DISCOUNTED IN VIEW OF THE ABRUPT TURN-ABOUT IN THE SUPPLY AND DEMAND SITUATION THAT CAN OCCUR FOR A GIVEN AGRICULTURAL PRODUCT FROM ONE CROP YEAR TO THE NEXT AND IN CONSIDERATION OF MEMBER STATES' CONCERNS OVER THE INFLATIONARY IMPACT OF UNRESTRICTED EXPORTS ATTRACTED BY HIGH WORLD MARKET PRICES.

16. CRUDE OIL AND REFINED PETROLEUM PRODUCTS. AT THE PRESENT TIME, THERE IS NO COMMUNITY-WIDE SYSTEM FOR EXPORT CONTROLS ON THESE ITEMS. HOWEVER, THE COMMISSION FORWARDED TO THE COUNCIL IN JANUARY A PROPOSAL FOR A SYSTEM OF AUTOMATIC LICENSES FOR EXPORTS OF CRUDE OIL AND REFINED PRODUCTS TO THIRD COUNTRIES; NO ACTION HAS YET BEEN TAKEN BY THE COUNCIL (SE EC BRUSSELS 210 AND 362).
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 FEB 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU00919
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740237/aaaabisy.tel
Line Count: 145
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 28 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAR 2002 by elyme>; APPROVED <31 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TO
TAGS: n/a
To: SECSTATE WASHDC BONN COPENHAGEN DUBLIN THE HAGUE LONDON LUXEMBOURG PARIS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005